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November 6, 2008

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Harry Reid
Majority Leader
United States Senate
Washington, D.C. 20510

Dear Speaker Pelosi and Majority Leader Reid:

As Congress continues its discussions about stimulating the nation's economy, I write on behalf of one of the states hardest hit by this downturn and urge you to take actions that will provide relief to those who need it most: hard-working families who are feeling the direct effects of this crisis.

While Michigan has long felt the impact of national economic policies that are not working for real people, the rest of the country is now unfortunately feeling Michigan's economic pain. Nationally job loss is up, foreclosure rates are up, and people are increasingly worried about their ability to make ends meet.

Without the recognition that real economic recovery *must* address the needs of working families who are suffering the brunt of this crisis, there will be no true economic recovery for America. To put economic recovery for people first, I write to suggest that any stimulus package must do the following:

Create jobs

Investments in ready-to-go infrastructure projects are a cost-effective win-win; they will create high-paying jobs and make badly-needed infrastructure improvements immediately. These investments should include a broad array of infrastructure projects including airports, highways, transit systems, clean water, sewers, schools, energy efficiency upgrades, and broadband. In Michigan, we have at least 70 "ready to go" infrastructure projects worth approximately \$263 million that could immediately create over 4,000 jobs. The only obstacle stopping these investments from going forward and creating these jobs is a lack of federal funding. To avoid further strain on state budgets that could further slow potential economic growth – federal funding for infrastructure should have little or no state matching requirement.

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In addition to putting people to work to rebuild America's infrastructure, I urge you to consider investments in new energy technologies that can provide more economy-changing jobs in the future. These investments can lead not only to further job creation, but also can help our nation develop the technologies needed to end our dependence on foreign oil. Green energy manufacturing is considered to be a perfect fit for Michigan. The U.S. Department of Energy found that Michigan is one of only four states with the potential to create more than 30,000 manufacturing jobs in wind production alone, while the Center for American Progress estimates that Michigan can create more than 60,000 jobs by investing in wind, solar, biofuels and energy efficiency.

Finally, I urge you to consider changes to the federal tax code to reward businesses that create jobs at home and do not ship jobs overseas. I strongly urge you, however, to "do no harm" and ensure that any changes to the federal tax code do not negatively impact state tax revenues.

Help families who are struggling to make ends meet

To be successful in meeting the needs of America's people, a stimulus package must include help for those struggling to keep their homes, pay their bills, land new jobs and put food on the table.

While the global credit crisis has roots in the collapse of the housing market, too little attention has been paid to helping those families who are losing their homes. The housing crisis threatens to displace two million homeowners nationwide – roughly 77,000 in Michigan – by the end of 2009. While there are numerous voluntary programs at the state and national levels to help borrowers obtain safer loan products, the federal government should address the housing crisis immediately with further action. Any federal action should include creating new requirements for loan modifications under the Troubled Asset Relief Program and additional counseling funds to states in order to help troubled borrowers engage with their mortgage servicers. Funding for legal services should also be provided for those homeowners who have fallen victim to predatory lending.

As you know, Michigan has long been the home of the American auto industry. The recent economic meltdown that has hurt homeowners and small businesses also threatens the domestic automakers, which millions of Americans depend on for employment. Assistance must be provided to this critical industry to avoid unthinkable layoffs that could devastate the middle class in Michigan and other auto-heavy states.

To help people make ends meet in times of extreme crisis, unemployment benefits for our citizens who are out of work should be extended. Forty-four thousand people in Michigan have already exhausted their 13 weeks of extended unemployment benefits. Affected workers in states with higher unemployment levels should receive an additional 13 weeks of assistance. In addition, training funds should be expanded so that those who have lost their jobs can be retrained for new ones. This is critically

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important in states like Michigan where changes in America's bedrock industries are leaving men and women with 10, 15 and 20 years of experience in manufacturing with no path to work in a new industry.

Finally, but equally important during an economic crisis, food stamp assistance should be extended so that families have the means to put meals on the table.

Ensure that states can provide health care and other services to families who need them

States implement the initiatives that Washington develops to help the American people. In times of economic crisis, without partnership from Washington, we will be forced to cut those programs, exacerbating pain for people and prolonging a recession. State balanced budget restrictions require states facing declining revenues to either cut spending or increase taxes to maintain balance – Michigan is no different. These actions are “pro-cyclical” and make recessions more severe.

The federal government should temporarily increase the Federal Medical Assistance Percentage (FMAP) for at least two years. FMAP is an effective countercyclical tool because it immediately allows states to eliminate planned budget cuts and continue services for those with the greatest need.

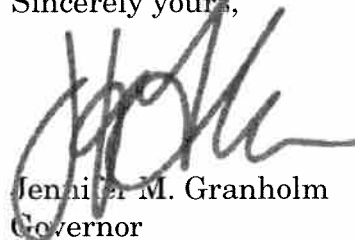
The federal government should also make available block grant funding to states, similar to that provided by the federal government in 2003, to allow individual states to develop additional, necessary state-specific solutions to protect people and develop a state's economy.

Obviously, our nation faces many long term economic challenges. However, Michigan – and every state – needs swift action and leadership from Washington to address the short term challenges our national and state economies are facing.

Michigan stands ready to partner with Washington to take on those challenges, to help our citizens and our country feel real economic recovery and stability.

I appreciate your consideration of my request.

Sincerely yours,



Jennifer M. Granholm
Governor

Cc: Michigan Congressional Delegation